GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3036
ANSWERED ON:10.08.2001
UTI INVESTMENTS IN SHARE MARKET
RENU KUMARI SINGH

Will the Minister of FINANCE be pleased to state:

(a) whether the Central Bureau of Investigation has completed its investigation into multi-crore Century Consultant (CC)â€"UTI deals;

(b) if so, the action taken by the Government on the report of Central Bureau of Investigation;

(c) the policy of the UTI in investing money in stock market;

(d) whether the UT1 purchased shares worth crores of rupees ignoring the recommendations of its own research wings;

(e) if so. the details thereof;

(f) whether the Government have identified such top UTI officials involved in the shady deals; and

(g) if so, the action taken against these officials?

Answer

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA):

(a) and (b) The Central Bureau of Investigation (CBI) has intimated that nine casespertaining to Century Consultants have been registered by CBI, Lucknow Branch at therequest of the Government of UP. Shri Arvind Mohan Johari, Shri Anand Krishna Johari, main accused and Shri A.K. Shah and Shri P.N. Mathur have been arrested in these cases.Investigation in the cases is continuing. CBI Mumbai, Branch is separately investigatinginto a deal of private placement of 345000 equity shares of M/s Cyberspace Infosys Ltd. @ Rs. 930.00 per share with UTI during June/July 2000. The investigation is yet to be completed.

(c) UTI has intimated that it invests in securities of companies which fulfill theinvestment norms set by its Board and the Executive Committee.

(d) CBI has intimated that UTI had purchased 345000 equity shares of M/s CyberspaceInfosys Ltd. on private placement basis @ Rs. 930 per share ignoring the recommendations of its own research wing i.e., `Equity Research Cell`.

(e) CBI has intimated that the Equity Research Cell of the UTI evaluated the offer oprivate placement of equity shares by M/s Cyberspace Infosys Ltd. @ Rs.930 per share andsubmitted a report o n 23.06.2000 wherein it was recommended that `we recommend that the Trust may not take up any fresh exposure from the present placement. Infact we may look to book profits in the stock in the positive atmosphere generated when the takeovers are announced`. Considering the recommendations of the Equity Research Cell, the management ofUTI regretted the offer on 17.07.2000. However, the proposal was revived on 21.07.2000 bySmt. Prema Madhu Prasad, General Manager, Shri M.M. Kapur. Executive Director, Shri S.KBasu, Executive Director and Shri P.S. Subramanyam, the then Chairman of UTI and purchaseof 345000 shares for a consideration of Rs. 320850000 was sanctioned. A cheque for Rs. 320850000 issued by UTI and drawn on UTI Bank Ltd. was hand delivered by UTI to ShriArvind Johari, Director of M/s Cyberspace infosys Ltd. on 27.07.2000.

(f) With respect to above transaction, the role of Shri P.S. Subramanyam, Ex-Chairman,Shri M.M. Kapur, L Executive Director. Shri S.K. Basu, Executive Director and Smt. Prema Madhu Prasad, General Manager is under investigation by CBI, Mumbai Branch.

(g) CBI had arrested Shri P.S. Subramanyam, Ex-Chairman, Shri M.M. Kapur, ExecutiveDirector, Shri S.K. Basu.Executive Director. UTI has intimated that S/Shri M.MKapur. S.K. Basu, Executive Directors andSmt. Prema Madhu Prasad, General Manager are under suspension.